



Preparing for Retirement

ERS July 2008

What Your Beneficiary Should Know

When a loved one dies, beneficiaries often find they are overwhelmed and unprepared to deal with the death benefit process. Therefore, it is very important for ERS members to communicate with their beneficiaries and provide them with as much advance information as possible.

Designating or Changing a Beneficiary for an Active or Inactive Member

New members designate a primary and contingent beneficiary or multiple beneficiaries when they begin employment. If the member wishes to change the beneficiary designation, the member must complete a CHANGE OF BENEFICIARY FORM PRIOR TO RETIREMENT. Do not use this form if you are retired or in DROP. Keeping your beneficiary current will help avoid legal difficulties and not delay payment of the death benefit to your beneficiary.

Death of an Active Member

The death benefit process begins when the ERS is notified of the member's death. It is important for the death to be reported as soon as possible to avoid any delays or problems. Contact the ERS at 800-214-2158. The ERS will send you FORM RSA-SB APPLICATION FOR SURVIVOR BENEFIT to be completed with a list of documents (for example, Certified Death Certificate) the ERS requires to complete the process. The beneficiary may also obtain the application from the member's employer or the RSA Web site at www.rsa-al.gov. If the member participated in DROP, contact the ERS for the correct form.

Death Benefits of an Active Member

If a member dies prior to retirement, death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status and eligibility for retirement. Consult your ERS Member Handbook or visit our Web site for information on preretirement death benefits.

Changing a Beneficiary for a Retired Member

The retired member should contact the ERS for the necessary form required to change a beneficiary.

Death of a Retired Member

Please notify the ERS as soon as possible upon the death of a retiree. Upon notification, the ERS will mail the necessary form and information to the member's designated beneficiary. Any benefit payments issued after the member's death must be returned to the ERS before the beneficiary payment(s) will be processed.

Death Benefits of a Retired Member

Once the ERS receives the documents from the beneficiary, the ERS will determine and calculate the benefits due to the beneficiary. In the month of death, the monthly retirement benefit will need to be returned to the ERS, unless the date of death is the last day of the month.

- If the retired member selected the Maximum retirement benefit, the beneficiary will receive a pro rata payment for the number of days the member was living in the month of death.
- If the retired member selected the Option 1 retirement benefit, the beneficiary will receive a pro rata payment for the number of days the member was living in the month of death and any balance in the member's account at the time of death.
- If the retired member selected the Option 2 retirement benefit, the beneficiary will continue to receive the same monthly benefit as the member, other than Cost-of-Living Adjustments to the beneficiary that were not approved by the Legislature.
- If the retired member selected the Option 3 retirement benefit, the beneficiary will begin to receive 50 percent of the monthly benefit of the member, other than Cost-of-Living Adjustments to the beneficiary that were not approved by the Legislature.

Helpful Hints

- Have a copy of your will accessible to the executor of the estate.
- Death benefits may be subject to federal income tax, but not state and local taxes. If the beneficiary lives outside Alabama, consult that state's tax agency about tax consequences.
- Keep your beneficiary updated at all times.
- Beneficiaries should also use direct deposit for monthly benefit payments.
- Consult an attorney or tax advisor.

Do you know who your beneficiary is? If not, contact the ERS and they will provide the information in writing.

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To have your questions answered in "Preparing for Retirement", please address them to:

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